

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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7 June 1957

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I. Political

1. USSR

- a. The view which is not entirely new that the efforts of the Soviet Union to utilize the disarmament problem to obtain direct talks with the US are interconnected with the Soviet policy toward Germany was again confirmed by available reports. The Soviet Union had for some time striven for another Four-Power Conference and had hoped that a discussion of the question of Germany could either be avoided completely or the four Great Powers could be made to act merely as mediators and observers (while negotiations were simultaneously being conducted between Bonn and Pankow). The Soviet Union changed its mind, however, as a result of the outcome of the Federal Chancellor's visit to Washington and is now no longer interested in a Four-Power Conference, since there is apparently no possibility of avoiding a discussion of the question of Germany. The Soviet leadership even fears that they may again lose the positive results regarding a partial relaxation which they believe to have achieved unless they made genuine concessions in regard to the question of Germany which, however, the Soviet Union is not prepared to make. Standing out from the background of the Soviet view of the problem of Germany which insists on the present situation, there are tactics, however, which the Soviets employ with a view to susceptible groups in the Federal Republic and with which they want to create the impression that real chances for reunification talks would be given if the policy-makers of the Federal Republic were in a position to create an adequate atmosphere for negotiations. The sensational statements which Lapin and his co-workers made at the press reception at the Soviet Embassy in Vienna must be seen from this point of view. Available reports supplemented that on another occasion Lapin tried to give the impression that no uniform view on the question of Germany was in existence in Moscow and that the Soviet leadership was divided into three groups which he called "stormers", "hesitant politicians" and "brakosmen". Lapin also expressed the belief that not too much time was left to Moscow to reach an advantageous arrangement with the Western Powers in general and with Bonn in particular.
- b. The statements which the press chief of West Germany made on the content of the Federal Government's verbal note to the Soviet Union officially linked the question of repatriation with a trade agreement. An available report indicated that the Soviets already fear they could give unintended election aid to the Federal Chancellor by the scheduled negotiations and Moscow consequently already reflected as to whether or not at least the provisional signing of a trade agreement should be postponed until after the elections to the Bonn Lower House.
- c. According to an available report, the Communist Party of the Soviet Union issued a circular letter to the Communist Parties of the Satellite countries, requesting that Yugoslav arguments be treated with some measure of restraint and ideological questions be not discussed if possible in an effort to avoid any new obstacles to improved relations between Yugoslavia and the USSR.
- d. Khrushchev for the first time officially admitted that the economic reform was in a large measure also initiated for strategical reasons. Most of the Supreme Soviets of the Union Republics conducted their meetings and decided on the number of the districts of the national economy. Their total number is much higher than had first been planned.

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In the RSFSR the borders of these districts are almost exactly those of the administration.

- a. Krushchev's campaign for increased agricultural outputs is being continued with the greatest possible propaganda effort. In a speech he made on the occasion of the opening of the Soviet Agricultural Fair in Moscow on 3 June 1957, Krushchev again demanded that the Soviet agricultural production catch up with that of the United States during the next years. Although, according to available reports, Soviet agricultural experts also consider this objective as very problematical, Krushchev is probably convinced of the important propaganda impact which it may have on the Soviet population. He also wants to demonstrate the strength of the Soviet Union and its economic system toward the outside world and to fight observations to the contrary voiced by observers abroad.

2. Satellites and Yugoslavia

- a. The announcement in East Berlin of Party Secretary Gomulka must primarily be considered a demonstration for the ideological unity of the Eastern Bloc which is also emphasized by Poland. Probably at Soviet initiative Warsaw wants to tone down or delete the impression which the 9th Plenary Session of the Central Committee made in the Satellite countries as it emphasized the special aspects of the Polish road toward Socialism. The repatriation of former Polish citizens from the Soviet Union is proceeding only slowly. Not more than 35 000 repatriates or about 1/4 of the number earmarked for 1957 arrived in Poland during the period from January until late May as a result of difficulties arising in the registration of persons who want to resettle from the Soviet Union, since only two Polish consulates, one in Moscow and the other in Kiev, are available and since the Soviet Union treated dilatorily the Polish desire for an increase of the number of consulates. The Poles for psychological reasons also dislike to report for repatriation to local Soviet agencies and Poland has only little fallow-land available for resettlers, since most of the land has already been allocated to resident farmers. The measures to be taken by the Poles are also hampered by the fact that numerous non-Polish persons unable to speak Polish are among the resettlers.
- b. The Socialist Workers' Party which was set up by the Kadar régime to succeed the former Communist Party of Hungary, according to available reports, is confronted with serious difficulties as it is trying to recruit new members in the country. Only five out of hundred members of the Communist Party who had destroyed their membership cards during the rebellion in November 1956 and who were asked to report for the reorganization of the party did so, and there was a general dislike to assume the duties of party members. The reappointment of the chief of the Hungarian Security Police, which was made following pressure by reemployed former employees who belonged to the Rakosi-wing of the Communist party is indicative of growing influence which the following of Rakosi and Gerce are exerting on domestic policies in Hungary. Kadar's followers on the other hand consider it evidence of trust which the Kremlin is placing in the Prime Minister and his policy that the Soviets were prepared to sign a troop pact with Hungary similar to that concluded with Poland and Romania.

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- c. The repeatedly reported tension in Bulgaria which developed after the events in Hungary and which led the Communist leadership to take preventive measures against notorious or only assumed opponents of the regime particularly among the intelligentsia and the students, according to available reports, did not yet subside. Deportations of politically unreliable elements from big cities to the country as well as intensified activities by agents of the State Security Service were recently reported in addition to arrests and internments in concentration camps.
- d. An available report indicated that the agenda for the visit which a representative Czech Government Delegation headed by Prime Minister Sikory is slated to pay in Belgrade during the 3rd week of June provides for a general political and economic exchange including, for example, the realization of previous economic projects such as a Czech investment in the planned set-up of an aluminum industry in Yugoslavia which had previously been planned with Soviet and GDR aid. Another report indicated that Belgrade expected the Czech delegation to make an attempt to encourage the Yugoslav Communists to collaborate more closely with the Communist Parties of the Eastern Bloc and to join the international Communist office which in Yugoslav eyes is already unofficially in existence and which has the task of coordinating the Communist Parties. The report stated that Yugoslavia would react to such Czech overtures with a friendly but firm No and in spite of all willingness to relax her relations with the Soviet Union would uphold the view that a Socialist country must not necessarily belong to the Socialist camp and would follow the principle of a non-committed policy. In a letter he wrote to a working collective in Rijeka, Rankovic stated that the about 130 members of the Central Committee of the Union of Communists would not be nominated as delegates of individual collectives for the forthcoming party congress in order to reserve seats for delegates from the rank and file of the party membership. He said that the Central Committee members would attend the congress by virtue of their office but would not vote on the accounting reports. This innovation was interpreted as a demonstration of a step toward a "Socialist democracy" although it was made for mere propaganda reasons and the Central Committee members exert influence by their party functions rather than by their comparatively small number of votes.

3. Soviet Zone of Germany

- a. Informed quarters in East Berlin believe that the Consular Treaty which was concluded between the GDR and the Soviet Union and was signed on 9 June 1957 in Moscow has for its first objective to forestall a similar agreement between the Federal Republic and the Soviet Union. Experts of the GDR Foreign Ministry stated that the GDR was not in a position either with regard to personnel or from the financial point of view fully to exploit the agreements made. The GDR would, however, establish one consulate at each place at which the Federal Republic had a consular representation. The Soviet Union had promised the GDR Government to give aid in the way of personnel and financial support.
- b. A state visit of the Polish Government delegation headed by Prime Minister Cyrankiewicz is expected to be made in East Berlin from 17 to 20 June 1957. It cannot yet be stated whether or not this visit will coincide with Gomulka's announced visit. Items to be discussed include a consular treaty to be concluded between East Berlin and Warsaw, economic agreements particularly in the field of coal and steel, and a joint communique similar to that issued on the occasion of the Czech visit on 25 May 1957 and emphasizing the friendly collaboration among the Eastern Bloc Countries. The Soviet Zone Embassy in Warsaw let it be known, however, that the Polish Government is presently following a course of hesitation with regard to the question of the consular treaty. The preparation of the planned joint government statement will also meet with difficulties since already on the occasion of the Three-Country-Meeting of the parliamentary presidiums in East Berlin on 12 May 1957 the Polish representatives had refused to recognize the leadership of the Soviet Union and to come out with a sharp declaration against the United States.

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- c. A still unconfirmed report just reaching here is shedding significant light on the relationship between the GDR and Poland. In view of Mao Tse-tung's expected visit in Warsaw, the SED fears that the Gomulka regime in Poland may definitely be sanctioned by Red China with the toleration of the Soviet Union and that this policy may adversely affect the other Eastern Bloc Countries. In an effort to ward off such a development, the SED Politburo wants to extend an invitation for a visit to East Berlin to Mao and ask Czechoslovakia and Hungary also to extend invitations to Mao and encourage Czechoslovakia and Hungary jointly to protest in Moscow against further support to the Gomulka line in Poland. Ulbricht, according to this report, also considers a short-term visit in Moscow to voice the SED fears there.
- d. The SED Central Committee sent an interesting appeal to all basic organizations of the party for a permanent charity collection for the Communist Party of Germany and members in distress. It was proposed that at least one-hour wage be given by the working masses for this Communist Party fund.

4. Red China

- a. Available reports indicated that the speech Mao Tse-tung made on 27 February 1957 and which is not yet available in its full wording and set off the "Cheng Fong movement" in Red China, i.e. a propaganda campaign for the enlistment of the masses, is still under discussion in the Satellite countries in Eastern Europe. The Communist parties interpret Mao's ideological instructions in various ways and partially connect them with far-reaching speculations, while Mao evidently was primarily interested in giving new impetus to subsiding enthusiasm in Red China and in restrengthening the ties between the Communist leadership and the Chinese population. Within the frame-work of these objectives, criticism of the Communist regime is tolerated only if it is assessed by the party leadership of the Communist Party of China as a constructive and friendly criticism and is compatible with the call for added unity. This situation gives only very limited leeway for the alleged liberalization policies in Red China. The continued purely Communist objectives of the regime were purposely underlined by the fact that the previous "New Democratic Youth League" which has about 23 million members was renamed into "Young Communist League" in mid-May.
- b. Available reports indicate that Peking is still striving to keep awake, and utilize for Communist objectives in Africa, the Spirit of Bandung. Red China's strong participation in the International Fair in Casablanca, for example, was given much attention in North Africa. Red Chinese visitors tried to establish a large number of connections with reference to the Spirit of Bandung and assured that they wanted to give aid just as the Soviet Union had aided them. Peking's and Moscow's efforts to enlist both the Asiatic and the African nations for the "fight against colonialism" will become apparent at the Afro-Asiatic Peoples' Conference which will be held with the consent of Nasser in Cairo in October 1957 and which will be organized by the pro-Communist Committee for the Solidarity of the Peoples of Asia. Dr. Anup Singh, the Indian Secretary of the preparatory committee, stated that the conference was to promote the economic and cultural collaboration of the peoples of Asia and Africa. The Committee for the Solidarity of the Peoples of Asia has branch organizations in the Soviet Union, Red China, North Korea, North Vietnam, Japan, India, Ceylon and Burma and with the help of the forthcoming conference in Cairo plans to expand its activities to Africa, too.

II. Economics

The 1956 Soviet Grain Crop

The 1956 bumper crop in the Eastern territories and particularly in the virgin-land areas sufficiently covered the needs of the population in the Soviet Union in the way of bread and cereal while the supply of fodder grain was not

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sufficient. Since the Soviet grain crop has not only to cover National requirements but also has to make up for grain deficits in most of the Satellite countries in Europe, it is of special importance to determine the volume of the available crop. A paper on the Soviet grain crop in 1956 prepared by this office indicated the following:

1. The grain growing area in the Soviet Union was enlarged in 1956 by 1,8 million ha as compared with 1955 and amounted to 128,2 million ha.
2. The cultivation of wheat and maize was enlarged while the areas available for the growing of other sorts of grain either remained unchanged or were even smaller.
3. About 27 million ha of grain were grown in the virgin-land areas in 1956 as compared to 18,5 million ha in 1955.
4. The expansion of the cultivation of grain in the virgin-land areas was made at the expense of the old cultivation areas since the available means were not sufficient for a simultaneous expansion and an increase in the output of grain.
5. The 1956 crop was conditioned by the fact that adverse weather conditions prevailed during the period of growth in large areas in the European Soviet Union while weather conditions in the Eastern areas were very favorable.
6. Harvesting was difficult and involved high losses. Unusual high losses also developed at stores after the harvesting and were estimated at about 10 million tons. The available volume of grain from the 1956 crop is approximately 100 million tons and compares about to that of 1955.
7. Environmental conditions in the virgin-land areas make it necessary to introduce a rotation of crop with the result of a reduction of the cultivation of grain and the consequent result of a reduction of the grain growing areas throughout the Soviet Union.
8. During the next years, the Soviet Union will strive to enlarge and intensify grain-growing in the old cultivation areas in an effort to make up for the forthcoming reduction of the grain-growing areas in virgin-land territories.

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I. Political**1. USSR**

- a. According to available reports, Gromyko told GDR exponents that the Soviet foreign policy has preventing the atomic-armament of the NATO countries and preserving the status-quo-ante for its two main objectives and, in an effort to approach these goals, the Soviet Union was working, at the London disarmament talks, for a partial agreement with the US and the UK, the two atomic powers. He stated that the Soviet Union would possibly agree also to those proposals which called for a zone of neutral air-inspection outside Europe and in part of Siberia but was primarily seeking such an agreement on Europe because this would preserve the status-quo-ante there. He said that this was the reason why the Soviets had directly contacted the British and the French. They felt that if Western Europe could thus be split up they had attained their most important objective, taking away the Federal Republic from the NATO planning which they still considered the most crucial problem. They consequently concentrated on preventing a re-election of Adenauer. Gomulka added that the enormous armament expenditure and the additional costs of the economic reorganization constituted so heavy a financial burden to the Soviet Union that the subsidies to the Eastern Bloc countries would have to be cut down during the next two or three years with the result of a temporary narrowing-down of the foreign-policy initiative of the Soviet Union.
- b. The Tass-statement on the events in Jordan came as an expression of Moscow's continued strong interest in the Middle East which the Soviets considered vital particularly because the situation in Syria temporarily appeared to take a turn unfavorable to the Soviet position, when Nizzameddin, the Chief of the General Staff, had tried to remove Lieutenant Colonel Saraj, the Intelligence Chief, and thus to restrict the influence of the Soviet-supported radical left-wingers. This attempt failed, however, because of the counter-measures taken by influential Khaled el Asem, the Defense Minister, who threatened to employ the armored command and the air force, two branches of service which were pro-Soviet because they owed their modern equipment and their added respect to the Soviet Union.
- c. Khrushchev stated that the Central Committee and the entire party machinery of the Communist Party of the Soviet Union would be reorganized. Whether or not Khrushchev was taking these measures to purge the party apparatus of all functionaries considered unreliable could not yet be established but seems to be possible, since party functionaries in the republics had put up a certain opposition against K. views when the economic reform came under discussion. A reduction of the personnel of the party will also make the party more efficient to deal with the controlling functions, which it is scheduled to exercise over the economic administration.

An available report indicated that the newly established party headquarters at the Sovnarkhoses have to see to it from the outset that no bureaucracy of the type which previously developed at ministries and subordinate agencies develop in these agencies.

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The interior organization of the Sovnarkhozes is slowly becoming apparent. One technical and scientific committee as well as a number of main administrations in charge of individual industrial branches will be under the control of a central headquarters. Special administrative agencies will also be set up for the industrial combines and trusts, which are located in the area of a Sovnarkhozis. For further details, see II.

2. Satellites and Yugoslavia

- a. An available report indicated that after the completion of the 9th Plenary Session of the Central Committee of the United Workers Party of Poland, Morawski, the newly elected Party Secretary, outlined directives for party activities to a selected group, emphasizing the Polish aspects of the road toward Socialism and Polish traditions as well as the recognition of non-Communist Polish achievements and a policy which is making the party appear to its membership as an independent party rather than a branch of Moscow. The resolutions taken by the Central Committee Plenary Session which were designed for the public placed more emphasis on the class-war aspects of Socialism, stating that "revisionism" was a greater danger than "dogmatism" and making no mention of the Polish aspects of Socialism. This consideration for possible Soviet suspicions came as a preparatory move creating an appropriate atmosphere for the economic talks between Gomulka and Cyrankiewicz last weekend which several weeks ago had been postponed until after the completion of the 9th Plenary Session of the Central Committee. While the Polish people is not particularly interested in the German-Eastern territory under Polish administration (with the exception of the industries in Upper Silesia and the Danzig harbor) and while Catholic groups and ZNAK, a club of Catholic deputies, felt that establishing an atmosphere of trust between Poland and the Germans would make possible an ideal solution along the line of the Saar-solution following the German-French relaxation, party and government pursue a policy of securing the German-Eastern territories against German revisionism and, in an effort to support these policies with scientific and propaganda means, set up the "Polish-Western association" which is to exercise a centralized control over both institutions working in the German-Eastern territories under Polish administration and organizations of indigenous persons living there. This association wants to promote the economic and cultural development of these areas in order to make them more attractive for the population and considers a greater density of population as a protection against German revisionism. The association also wants to give minorities the feeling of equality by righting previous wrongs and to give special privileges to trade, free commerce and small industries. The association is, however, confronted with considerable difficulties, both psychological and economic.
- b. Regarding the beginning relaxation between Yugoslavia on the one hand and the Soviet Union and its Satellites on the other, the influence which Moscow exerted on the Communist parties of the Satellite countries for improved relations with Yugoslavia already produced certain effects on state and party agencies. An available report indicated that the Central Committee of the Communist Party of Czechoslovakia and State President Zapotocky sent Tito a congratulation telegram on the occasion of his 65th birthday. Prague also expects a reconciliation between Tito and Moscow. A Czech and a Rumanian Government delegation are slated soon to arrive in Yugoslavia for talks on improved exploitation of economic possibilities. Another report stated that Tito was also optimistic about an early normalisation of relations between Belgrade and Moscow.

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3. Soviet Zone of Germany

- a. Available reports indicated that the meeting of the parliamentary presidiums of the GDR, Czechoslovakia and Poland which took place from 9 to 12 May 1957 in East Berlin was initiated by the SED leadership, since Ulbricht wanted to enlist Czech support to improve relations between the GDR and Poland following a Soviet demand. The fact that Hegen, the present GDR ambassador in Warsaw, and Heymann, his predecessor, had also been called in shows that the question of the relations between East Berlin and Warsaw played a major rôle at that conference. The Soviets who considered this conference first of all a demonstration gave their consent to the conferences in East Berlin only on condition that the subjects of discussion be confined to mutual promises of material aid, mutual guaranties of existing border lines and efforts strengthening the Warsaw Pact. Pushkin had order to keep a watchful eye on the conference.
- b. The visit of the Czech government delegation in East Berlin which came ten days later and lasted from 21 to 23 May 1957 makes it appear possible especially because of the composition of the delegations involved and the questions discussed that with Moscow's knowledge and consent the Satellite countries are going to supplement the bilateral agreements of Moscow with agreements of their own.
- c. The Soviet Zone population is alarmed by more severe regulations recently clamped on interzonal traffic. Available reports indicated that the district police offices were instructed to issue interzonal passports to youthful applicants from between 15 and 25 years of age only if those working at factories produced a no-objection statement of the factory involved as previously, and, in addition a statement by the FDJ group involved as to whether the applicant was an FDJ member or not. Students have to produce a statement of their FDJ university group as to their membership and highschool students have to turn in a permit prepared by their school and the FDJ school group. The offices were also directed to scan criminal records and the files of persons who escaped from Eastern Germany in order to determine whether or not dependents of the applicants were registered. A statement by Girmus who said on 15 May 1957 that most of the students in the Soviet Zone of Germany were politically and ideologically corrupt and favored the scientific and political methods of the West and were even prepared to betray the GDR and the Socialists build-up in spite of all governmental promotion they had received is worthy of note in this connection. Girmus stated that the well-paid FDJ and SED student functionaries ought to be imprisoned, since they had more deserved such a treatment than a small number of students who made inconsiderate political comments.

4. Red China

- a. Available reports again pointed out in connection with Voroshilov's Red-China visit which ended on 25 May 1957 and on the occasion of the invitation for a Moscow trip which Voroshilov extended to Mao Tse-tung that Peking's influence on the Communist camp became considerably stronger. They pointed out that this development also effected Peking's relations with the Satellite countries in Eastern Europe and, specifically, discussed the following political events:

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- (1) After the return from Peking of the Rumanian delegation on 17 May 1957, it was said in Bucharest that the relations between Rumania and Red China would be intensified. Mao told the Rumanian delegates that the road toward Socialism could be different in the various countries because of their different national traditions.
 - (2) In Warsaw, it was believed that Mao Tse-tung's forthcoming visit would give support to Gomulka's political line.
 - (3) Budapest is grateful for a 100-million rubel loan which Red China granted on 13 May 1957 in spite of its present economic difficulties.
- b. Regarding Red China's relations with the Mongolian People's Republic and the Soviet Union, it is worth noting that the Soviet Union had to make far-reaching economic concessions to tie again the Mongolian People's Republic to Moscow. During the talks which ended on 17 May, and which had not proceeded smoothly at first, the Mongolian delegates, evidently alluding to Peking, had stated that they could obtain the requested credits also from some other side if necessary. The Soviet Union gave up other economic investments in the Mongolian People's Republic but retained its share in the Ulan Bator-Chining-Peking railroad line which is of strategic importance.
- c. An available report indicated that the Red Chinese chargé d'affaires in Cairo stated that it was not opportune to convene another Bandung conference at the present moment. He gave as the reason for his comment which differed from Peking's previous attitude, that "the situation in the Middle-East area which is an important part of the Bandung community was still unclear". He said that a second Bandung conference could be successful only if the situation in the Middle-East became more promising for the Communist side.

II. Economic

1. The Reorganization of the Administration and the Beginning Establishment of the Gosplan

The contours of the new organization of the administration begin to shape up for the Gosplan as four deputy chairmen and three main administration chiefs of the new Gosplan were appointed Ministers of the Soviet Union:

- a. As could be expected, the Gosplan took over from the agencies to be dissolved prominent experts and leading persons to serve in its build-up. All newly appointed ministers had already previously been ministers either for a prolonged period of time or even up to the now executed disbandment of their agencies (Khlanov, Novoselov, Zotov, and Strokin). Two of the new deputy chairmen of the Gosplan had been deputy chairmen at the commission for the present planning called Gosekonomkomisiya which had been taken over by Pervukhin in December 1956 and which was now dissolved. (Khrushchev and Kosygin).
- b. Since the deputy chairmen are usually chiefs of a main administration in the Soviet Union, the appointments now made allow to infer the existence of six Gosplan main administrations which will be in charge of the new vertical planning organized according to specific fields. The fields in which their chiefs had worked make it possible to draw conclusions as to the

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functions of five of the main administrations while the function of a main administration possible, headed by Khrushchev is still unclear. Judging from his previous activities, he is an expert at aircraft construction. Since, however, the Armament Ministry including the Ministry for Aircraft Construction remain in existence under the reorganization scheme, there is reason to believe that the main administration headed by Khrushchev will be assigned another mission. (The ministries which remained in existence are independent Gosplan main administrations for the vertical planning of the corresponding branches with respect to their assignments). The organizational picture which, however, still needs confirmation may temporarily be summarized as follows:

Gosplan chairman	Y. Kusmin
First Deputy Chairman	A. Kosygin
Deputy Chairman	M. Khrushchev
Deputy Chairman	V. Zotov
Deputy Chairman	N. Strokin
Main Administration for Coal Industries: Chief	A. Zasyadyko
Main Administration for Construction-Building Machinery and Road Construction Machinery Industries: Chief	Y. Novoselov
Main Administration for Tractors and Agricultural Machinery Industries: Chief	G. Khlamov
Main Administration (not identified): Chief	M. Khrushchev
Main Administration for Foodstuff Industries: Chief	V. Zotov
Main Administration for Automobile Industries: Chief	N. Strokin

- c. It is to be expected that additional administrations for the planning of the fields previously controlled by the dissolved ministries will soon be established. The number and the technical fields of the new main administrations probably largely correspond to the number and technical fields of the previous ministries. A major portion of the previous ministers will presumably also be taken over by the Gosplan as main administration chiefs.

2. Khrushchev's Unrealistic Agricultural Plan Targets

- a. No exact data have been published on the production of milk and meat in the Soviet Union since 1938 nor have exact plan figures been available since 1941. The following is a tabulation of the Soviet 1956 meat and milk production in million tons computed on the basis of a speech which N. Khrushchev made on 22 May 1957 and in which he compared the per-capita production of milk and meat in 1956 in the Soviet Union with that in the US:

	Soviet Union	US
Meat	6.5	17.1
Milk	49.4	57.3
Butter	0.56	0.63

While it is of only minor importance in this context whether or not the figures given for the Soviet Union are based on fact, Khrushchev's new plan, according to which the Soviet Union is to

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catch up with the per-capita production of milk in the United States by 1958 and with that of meat not later than 1961 is of special importance. Previous Soviet statistics indicated that the milk production rose 35 per cent and the production of meat 11 per cent from 1953 to 1956 and thus an increase far above the usual rate of increase of a well-functioning agricultural system. Since the doubling of the milk and meat production in the Soviet Union demanded by the 6th Five Year Plan also seems problematical, Khrushchev's new plan which calls for an increase 3.15 times that of the present meat production in the Soviet Union until 1961 must definitely be considered unrealistic, with no preconditions for the realization of this plan available. In his speech Khrushchev significantly dealt with Soviet experts who stated that the Soviet Union could catch up with the meat production of the United States not earlier than 1975 and he strongly exposed himself politically as he made his over-optimistic statements.

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In the RSFSR the borders of these districts are almost exactly those of the administration.

- e. Khrushchev's campaign for increased agricultural outputs is being continued with the greatest possible propaganda effort. In a speech he made on the occasion of the opening of the Soviet Agricultural Fair in Moscow on 3 June 1957, Khrushchev again demanded that the Soviet agricultural production catch up with that of the United States during the next years. Although, according to available reports, Soviet agricultural experts also consider this objective as very problematical, Khrushchev is probably convinced of the important propaganda impact which it may have on the Soviet population. He also wants to demonstrate the strength of the Soviet Union and its economic system toward the outside world and to fight observations to the contrary voiced by observers abroad.

2. Satellites and Yugoslavia

- a. The announcement in East Berlin of Party Secretary Gomulka must primarily be considered a demonstration for the ideological unity of the Eastern Bloc which is also emphasized by Poland. Probably at Soviet initiative Warsaw wants to tone down or delete the impression which the 9th Plenary Session of the Central Committee made in the Satellite countries as it emphasized the special aspects of the Polish road toward Socialism. The repatriation of former Polish citizens from the Soviet Union is proceeding only slowly. Not more than 35 000 repatriates or about 1/4 of the number earmarked for 1957 arrived in Poland during the period from January until late May as a result of difficulties arising in the registration of persons who want to resettle from the Soviet Union, since only two Polish consulates, one in Moscow and the other in Kiev, are available and since the Soviet Union treated dilatorily the Polish desire for an increase of the number of consulates. The Poles for psychological reasons also dislike to report for repatriation to local Soviet agencies and Poland has only little fallow-land available for resettlers, since most of the land has already been allocated to resident farmers. The measures to be taken by the Poles are also hampered by the fact that numerous non-Polish persons unable to speak Polish are among the resettlers.
- b. The Socialist Workers' Party which was set up by the Kadar régime to succeed the former Communist Party of Hungary, according to available reports, is confronted with serious difficulties as it is trying to recruit new members in the country. Only five out of hundred members of the Communist Party who had destroyed their membership cards during the rebellion in November 1956 and who were asked to report for the reorganization of the party did so, and there was a general dislike to assume the duties of party members. The reappointment of the chief of the Hungarian Security Police, which was made following pressure by reemployed former employees who belonged to the Rakosi-wing of the Communist party is indicative of growing influence which the following of Rakosi and Gero are exerting on domestic policies in Hungary. Kadar's followers on the other hand consider it evidence of trust which the Kremlin is placing in the Prime Minister and his policy that the Soviets were prepared to sign a troop pact with Hungary similar to that concluded with Poland and Romania.

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- c. The repeatedly reported tension in Bulgaria which developed after the events in Hungary and which led the Communist leadership to take preventive measures against notorious or only assumed opponents of the regime particularly among the intelligentsia and the students, according to available reports, did not yet subside. Deportations of politically unreliable elements from big cities to the country as well as intensified activities by agents of the State Security Service were recently reported in addition to arrests and internments in concentration camps.
- d. An available report indicated that the agenda for the visit which a representative Czech Government Delegation headed by Prime Minister Sikory is slated to pay in Belgrade during the 3rd week of June provides for a general political and economic exchange including, for example, the realization of previous economic projects such as a Czech investment in the planned set-up of an aluminum industry in Yugoslavia which had previously been planned with Soviet and GDR aid. Another report indicated that Belgrade expected the Czech delegation to make an attempt to encourage the Yugoslav Communists to collaborate more closely with the Communist Parties of the Eastern Bloc and to join the international Communist office which in Yugoslav eyes is already unofficially in existence and which has the task of coordinating the Communist Parties. The report stated that Yugoslavia would react to such Czech overtures with a friendly but firm No and in spite of all willingness to relax her relations with the Soviet Union would uphold the view that a Socialist country must not necessarily belong to the Socialist camp and would follow the principle of a non-committed policy. In a letter he wrote to a working collective in Rijeka, Rankovic stated that the about 130 members of the Central Committee of the Union of Communists would not be nominated as delegates of individual collectives for the forthcoming party congress in order to reserve seats for delegates from the rank and file of the party membership. He said that the Central Committee members would attend the congress by virtue of their office but would not vote on the accounting reports. This innovation was interpreted as a demonstration of a step toward a "Socialist democracy" although it was made for mere propaganda reasons and the Central Committee members exert influence by their party functions rather than by their comparatively small number of votes.

3. Soviet Zone of Germany

- a. Informed quarters in East Berlin believe that the Consular Treaty which was concluded between the GDR and the Soviet Union and was signed on 9 June 1957 in Moscow has for its first objective to forestall a similar agreement between the Federal Republic and the Soviet Union. Experts of the GDR Foreign Ministry stated that the GDR was not in a position either with regard to personnel or from the financial point of view fully to exploit the agreements made. The GDR would, however, establish one consulate at each place at which the Federal Republic had a consular representation. The Soviet Union had promised the GDR Government to give aid in the way of personnel and financial support.
- b. A state visit of the Polish Government delegation headed by Prime Minister Cyrankiewicz is expected to be made in East Berlin from 17 to 20 June 1957. It cannot yet be stated whether or not this visit will coincide with Gomulka's announced visit. Items to be discussed include a consular treaty to be concluded between East Berlin and Warsaw, economic agreements particularly in the field of coal and steel, and a joint communique similar to that issued on the occasion of the Czech visit on 25 May 1957 and emphasizing the friendly collaboration among the Eastern Bloc Countries. The Soviet Zone Embassy in Warsaw let it be known, however, that the Polish Government is presently following a course of hesitation with regard to the question of the consular treaty. The preparation of the planned joint government statement will also meet with difficulties since already on the occasion of the Three-Country-Meeting of the parliamentary presidiums in East Berlin on 12 May 1957 the Polish representatives had refused to recognize the leadership of the Soviet Union and to come out with a sharp declaration against the United States.

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- c. A still unconfirmed report just reaching here is shedding significant light on the relationship between the GDR and Poland. In view of Mao Tse-tung's expected visit in Warsaw, the SED fears that the Gomulka regime in Poland may definitely be sanctioned by Red China with the toleration of the Soviet Union and that this policy may adversely affect the other Eastern Bloc Countries. In an effort to ward off such a development, the SED Politburo wants to extend an invitation for a visit to East Berlin to Mao and ask Czechoslovakia and Hungary also to extend invitations to Mao and encourage Czechoslovakia and Hungary jointly to protest in Moscow against further support to the Gomulka line in Poland. Ulbricht, according to this report, also considers a short-term visit in Moscow to voice the SED fears there.
- d. The SED Central Committee sent an interesting appeal to all basic organizations of the party for a permanent charity collection for the Communist Party of Germany and members in distress. It was proposed that at least a one-hour wage be given by the working masses for this Communist Party fund.

4. Red China

- a. Available reports indicated that the speech Mao Tse-tung made on 27 February 1957 and which is not yet available in its full wording and set off the "Cheng Fong movement" in Red China, i.e. a propaganda campaign for the enlistment of the masses, is still under discussion in the Satellite countries in Eastern Europe. The Communist parties interpret Mao's ideological instructions in various ways and partially connect them with far-reaching speculations, while Mao evidently was primarily interested in giving new impetus to subsiding enthusiasm in Red China and in strengthening the ties between the Communist leadership and the Chinese population. Within the frame-work of these objectives, criticism of the Communist regime is tolerated only if it is assessed by the party leadership of the Communist Party of China as a constructive and friendly criticism and is compatible with the call for added unity. This situation gives only very limited leeway for the alleged liberalization policies in Red China. The continued purely Communist objectives of the regime were purposely underlined by the fact that the previous "New Democratic Youth League" which has about 25 million members was renamed into "Young Communist League" in mid-May.
- b. Available reports indicate that Peking is still striving to keep awake, and utilize for Communist objectives in Africa, the Spirit of Bandung. Red China's strong participation in the International Fair in Casablanca, for example, was given much attention in North Africa. Red Chinese visitors tried to establish a large number of connections with reference to the Spirit of Bandung and assured that they wanted to give aid just as the Soviet Union had aided them. Peking's and Moscow's efforts to enlist both the Asiatic and the African nations for the "fight against colonialism" will become apparent at the Afro-Asiatic Peoples' Conference which will be held with the consent of Nasser in Cairo in October 1957 and which will be organized by the pro-Communist Committee for the Solidarity of the Peoples of Asia. Dr. Anup Singh, the Indian Secretary of the preparatory committee, stated that the conference was to promote the economic and cultural collaboration of the peoples of Asia and Africa. The Committee for the Solidarity of the Peoples of Asia has branch organizations in the Soviet Union, Red China, North Korea, North Vietnam, Japan, India, Ceylon and Burma and with the help of the forthcoming conference in Cairo plans to expand its activities to Africa, too.

II. Economic

The 1956 Soviet Grain Crop

The 1956 bumper crop in the Eastern territories and particularly in the virgin-land areas sufficiently covered the needs of the population in the Soviet Union in the way of bread and cereal while the supply of fodder grain was not

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sufficient. Since the Soviet grain crop has not only to cover National requirements but also has to make up for grain deficits in most of the Satellite countries in Europe, it is of special importance to determine the volume of the available crop. A paper on the Soviet grain crop in 1956 prepared by this office indicated the following:

1. The grain growing area in the Soviet Union was enlarged in 1956 by 1,8 million ha as compared with 1955 and amounted to 128,2 million ha.
2. The cultivation of wheat and maize was enlarged while the areas available for the growing of other sorts of grain either remained unchanged or were even smaller.
3. About 27 million ha of grain were grown in the virgin-land areas in 1956 as compared to 18,5 million ha in 1955.
4. The expansion of the cultivation of grain in the virgin-land areas was made at the expense of the old cultivation areas since the available means were not sufficient for a simultaneous expansion and an increase in the output of grain.
5. The 1956 crop was conditioned by the fact that adverse weather conditions prevailed during the period of growth in large areas in the European Soviet Union while weather conditions in the Eastern areas were very favorable.
6. Harvesting was difficult and involved high losses. Unusual high losses also developed at stores after the harvesting and were estimated at about 10 million tons. The available volume of grain from the 1956 crop is approximately 100 million tons and compares about to that of 1955.
7. Environmental conditions in the virgin-land areas make it necessary to introduce a rotation of crop with the result of a reduction of the cultivation of grain and the consequent result of a reduction of the grain growing areas throughout the Soviet Union.
8. During the next years, the Soviet Union will strive to enlarge and intensify grain-growing in the old cultivation areas in an effort to make up for the forthcoming reduction of the grain-growing areas in virgin-land territories.

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I. Political

1. USSR

- a. According to available reports, Gromyko told GDR exponents that the Soviet foreign policy has preventing the atomic-armament of the NATO countries and preserving the status-quo-ante for its two main objectives and, in an effort to approach these goals, the Soviet Union was working, at the London disarmament talks, for a partial agreement with the US and the UK, the two atomic powers. He stated that the Soviet Union would possibly agree also to those proposals which called for a zone of neutral air-inspection outside Europe and in part of Siberia but was primarily seeking such an agreement on Europe because this would preserve the status-quo-ante there. He said that this was the reason why the Soviets had directly contacted the British and the French. They felt that if Western Europe could thus be split up they had attained their most important objective, taking away the Federal Republic from the NATO planning which they still considered the most crucial problem. They consequently concentrated on preventing a re-election of Adenauer. Gomulka added that the enormous armament expenditure and the additional costs of the economic reorganization constituted so heavy a financial burden to the Soviet Union that the subsidies to the Eastern Bloc countries would have to be cut down during the next two or three years with the result of a temporary narrowing-down of the foreign-policy initiative of the Soviet Union.
- b. The Tass-statement on the events in Jordan came as an expression of Moscow's continued strong interest in the Middle East which the Soviets considered vital particularly because the situation in Syria temporarily appeared to take a turn unfavorable to the Soviet position, when Nizzameddin, the Chief of the General Staff, had tried to remove Lieutenant Colonel Saraj, the Intelligence Chief, and thus to restrict the influence of the Soviet-supported radical left-wingers. This attempt failed, however, because of the counter-measures taken by influential Khaled el Asem, the Defense Minister, who threatened to employ the armored command and the air force, two branches of service which were pro-Soviet because they owed their modern equipment and their added respect to the Soviet Union.
- c. Khrushchev stated that the Central Committee and the entire party machinery of the Communist Party of the Soviet Union would be reorganized. Whether or not Khrushchev was taking these measures to purge the party apparatus of all functionaries considered unreliable could not yet be established but seems to be possible, since party functionaries in the republics had put up a certain opposition against K. views when the economic reform came under discussion. A reduction of the personnel of the party will also make the party more efficient to deal with the controlling functions, which it is scheduled to exercise over the economic administration.

An available report indicated that the newly established party headquarters at the Sovnarkhoses have to see to it from the outset that no bureaucracy of the type which previously developed at ministries and subordinate agencies develop in these agencies. 25X1

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The interior organization of the Sovnarkhozes is slowly becoming apparent. One technical and scientific committee as well as a number of main administrations in charge of individual industrial branches will be under the control of a central headquarters. Special administrative agencies will also be set up for the industrial combines and trusts, which are located in the area of a Sovnarkhozis. For further details, see II.

2. Satellites and Yugoslavia

- a. An available report indicated that after the completion of the 9th Plenary Session of the Central Committee of the United Workers Party of Poland, Morawski, the newly elected Party Secretary, outlined directives for party activities to a selected group, emphasizing the Polish aspects of the road toward Socialism and Polish traditions as well as the recognition of non-Communist Polish achievements and a policy which is making the party appear to its membership as an independent party rather than a branch of Moscow. The resolutions taken by the Central Committee Plenary Session which were designed for the public placed more emphasis on the class-war aspects of Socialism, stating that "revisionism" was a greater danger than "dogmatism" and making no mention of the Polish aspects of Socialism. This consideration for possible Soviet suspicions came as a preparatory move creating an appropriate atmosphere for the economic talks between Gomulka and Cyriankiewicz last weekend which several weeks ago had been postponed until after the completion of the 9th Plenary Session of the Central Committee. While the Polish people is not particularly interested in the German-Eastern territory under Polish administration (with the exception of the industries in Upper Silesia and the Danzig harbor) and while Catholic groups and ZNAK, a club of Catholic deputies, felt that establishing an atmosphere of trust between Poland and the Germans would make possible an ideal solution along the line of the Saar-solution following the German-French relaxation, party and government pursue a policy of securing the German-Eastern territories against German revisionism and, in an effort to support these policies with scientific and propaganda means, set up the "Polish-Western association" which is to exercise a centralized control over both institutions working in the German-Eastern territories under Polish administration and organizations of indigenous persons living there. This association wants to promote the economic and cultural development of these areas in order to make them more attractive for the population and considers a greater density of population as a protection against German revisionism. The association also wants to give minorities the feeling of equality by righting previous wrongs and to give special privileges to trade, free commerce and small industries. The association is, however, confronted with considerable difficulties, both psychological and economic.
- b. Regarding the beginning relaxation between Yugoslavia on the one hand and the Soviet Union and its Satellites on the other, the influence which Moscow exerted on the Communist parties of the Satellite countries for improved relations with Yugoslavia already produced certain effects on state and party agencies. An available report indicated that the Central Committee of the Communist Party of Czechoslovakia and State President Zapotocky sent Tito a congratulation telegram on the occasion of his 65th birthday. Prague also expects a reconciliation between Tito and Moscow. A Czech and a Rumanian Government delegation are slated soon to arrive in Yugoslavia for talks on improved exploitation of economic possibilities. Another report stated that Tito was also optimistic about an early normalisation of relations between Belgrade and Moscow.

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3. Soviet Zone of Germany

- a. Available reports indicated that the meeting of the parliamentary presidiums of the GDR, Czechoslovakia and Poland which took place from 9 to 12 May 1957 in East Berlin was initiated by the SED leadership, since Ulbricht wanted to enlist Czech support to improve relations between the GDR and Poland following a Soviet demand. The fact that Hegen, the present GDR ambassador in Warsaw, and Heymann, his predecessor, had also been called in shows that the question of the relations between East Berlin and Warsaw played a major role at that conference. The Soviets who considered this conference first of all a demonstration gave their consent to the conferences in East Berlin only on condition that the subjects of discussion be confined to mutual promises of material aid, mutual guarantees of existing border lines and efforts strengthening the Warsaw Pact. Pushkin had order to keep a watchful eye on the conference.
- b. The visit of the Czech government delegation in East Berlin which came ten days later and lasted from 21 to 23 May 1957 makes it appear possible especially because of the composition of the delegations involved and the questions discussed that with Moscow's knowledge and consent the Satellite countries are going to supplement the bilateral agreements of Moscow with agreements of their own.
- c. The Soviet Zone population is alarmed by more severe regulations recently clamped on interzonal traffic. Available reports indicated that the district police offices were instructed to issue interzonal passports to youthful applicants from between 15 and 25 years of age only if those working at factories produced a no-objection statement of the factory involved as previously, and, in addition a statement by the FDJ group involved as to whether the applicant was an FDJ member or not. Students have to produce a statement of their FDJ university group as to their membership and highschool students have to turn in a permit prepared by their school and the FDJ school group. The offices were also directed to scan criminal records and the files of persons who escaped from Eastern Germany in order to determine whether or not dependents of the applicants were registered. A statement by Girmus who said on 15 May 1957 that most of the students in the Soviet Zone of Germany were politically and ideologically corrupt and favored the scientific and political methods of the West and were even prepared to betray the GDR and the Socialists build-up in spite of all governmental promotion they had received is worthy of note in this connection. Girmus stated that the well-paid FDJ and SED student functionaries ought to be imprisoned, since they had more deserved such a treatment than a small number of students who made inconsiderate political comments.

4. Red China

- a. Available reports again pointed out in connection with Voroshilov's Red-China visit which ended on 25 May 1957 and on the occasion of the invitation for a Moscow trip which Voroshilov extended to Mao Tse-tung that Peking's influence on the Communist camp became considerably stronger. They pointed out that this development also effected Peking's relations with the Satellite countries in Eastern Europe and, specifically, discussed the following political events:

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- (1) After the return from Peking of the Rumanian delegation on 17 May 1957, it was said in Bucharest that the relations between Rumania and Red China would be intensified. Mao told the Rumanian delegates that the road toward Socialism could be different in the various countries because of their different national traditions.
 - (2) In Warsaw, it was believed that Mao Tse-tung's forthcoming visit would give support to Gomulka's political line.
 - (3) Budapest is grateful for a 100-million rubel loan which Red China granted on 13 May 1957 in spite of its present economic difficulties.
- b. Regarding Red China's relations with the Mongolian People's Republic and the Soviet Union, it is worth noting that the Soviet Union had to make far-reaching economic concessions to tie again the Mongolian People's Republic to Moscow. During the talks which ended on 17 May, and which had not proceeded smoothly at first, the Mongolian delegates, evidently alluding to Peking, had stated that they could obtain the requested credits also from some other side if necessary. The Soviet Union gave up other economic investments in the Mongolian People's Republic but retained its share in the Ulan Bator-Chining-Peking railroad line which is of strategic importance.
- c. An available report indicated that the Red Chinese charge d'affaires in Cairo stated that it was not opportune to convene another Bandung conference at the present moment. He gave as the reason for his comment which differed from Peking's previous attitude, that "the situation in the Middle-East area which is an important part of the Bandung community was still unclear". He said that a second Bandung conference could be successful only if the situation in the Middle-East became more promising for the Communist side.

II. Economic

1. The Reorganization of the Administration and the Beginning Establishment of the Gosplan

The contours of the new organization of the administration begin to shape up for the Gosplan as four deputy chairmen and three main administration chiefs of the new Gosplan were appointed Ministers of the Soviet Union:

- a. As could be expected, the Gosplan took over from the agencies to be dissolved prominent experts and leading persons to serve in its build-up. All newly appointed ministers had already previously been ministers either for a prolonged period of time or even up to the now executed disbandment of their agencies (Khlamov, Novoselov, Zotov, and Strokin). Two of the new deputy chairmen of the Gosplan had been deputy chairmen at the commission for the present planning called Gosekonomkomisiya which had been taken over by Pervukhin in December 1956 and which was now dissolved. (Khrushchev and Kosygin).
- b. Since the deputy chairmen are usually chiefs of a main administration in the Soviet Union, the appointments now made allow to infer the existence of six Gosplan main administrations which will be in charge of the new vertical planning organized according to specific fields. The fields in which their chiefs had worked make it possible to draw conclusions as to the

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functions of five of the main administrations while the function of a main administration possibly headed by Khrushchev is still unclear. Judging from his previous activities, he is an expert at aircraft construction. Since, however, the Armament Ministry including the Ministry for Aircraft Construction remain in existence under the reorganization scheme, there is reason to believe that the main administration headed by Khrushchev will be assigned another mission. (The ministries which remained in existence are independent Gosplan main administrations for the vertical planning of the corresponding branches with respect to their assignments). The organizational picture which, however, still needs confirmation may temporarily be summarized as follows:

Gosplan chairman	Y. Kuzmin
First Deputy Chairman	A. Kosygin
Deputy Chairman	M. Khrushchev
Deputy Chairman	V. Zotov
Deputy Chairman	N. Strokin
Main Administration for Coal Industries: Chief	A. Zasyadyko
Main Administration for Construction-Building Machinery and Road Construction Machinery Industries: Chief	Y. Novoselov
Main Administration for Tractors and Agricultural Machinery Industries: Chief	G. Khlanov
Main Administration (not identified): Chief	M. Khrushchev
Main Administration for Foodstuff Industries: Chief	V. Zotov
Main Administration for Automobile Industries: Chief	N. Strokin

- c. It is to be expected that additional administrations for the planning of the fields previously controlled by the dissolved ministries will soon be established. The number and the technical fields of the new main administrations probably largely correspond to the number and technical fields of the previous ministries. A major portion of the previous ministers will presumably also be taken over by the Gosplan as main administration chiefs.

2. Khrushchev's Unrealistic Agricultural Plan Targets

- a. No exact data have been published on the production of milk and meat in the Soviet Union since 1938 nor have exact plan figures been available since 1941. The following is a tabulation of the Soviet 1956 meat and milk production in million tons computed on the basis of a speech which N. Khrushchev made on 22 May 1957 and in which he compared the per-capita production of milk and meat in 1956 in the Soviet Union with that in the US:

	Soviet Union	US
Meat	6.5	17.1
Milk	49.4	57.3
Butter	0.56	0.63

While it is of only minor importance in this context whether or not the figures given for the Soviet Union are based on fact, Khrushchev's new plan, according to which the Soviet Union is to

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catch up with the per-capita production of milk in the United States by 1958 and with that of meat not later than 1961 is of special importance. Previous Soviet statistics indicated that the milk production rose 35 per cent and the production of meat 11 per cent from 1953 to 1956 and thus an increase far above the usual rate of increase of a well-functioning agricultural system. Since the doubling of the milk and meat production in the Soviet Union demanded by the 6th Five Year Plan also seems problematical, Khrushchev's new plan which calls for an increase 3.15 times that of the present meat production in the Soviet Union until 1961 must definitely be considered unrealistic, with no preconditions for the realization of this plan available. In his speech Khrushchev significantly dealt with Soviet experts who stated that the Soviet Union could catch up with the meat production of the United States not earlier than 1975 and he strongly exposed himself politically as he made his over-optimistic statements.

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